

**ANNUAL BUSINESS PLAN
FISCAL YEAR 2023-2024**



A NEW CHAPTER

CELEBRATING THE GOOD

At the NSLC, we take pride in providing Nova Scotians with exceptional customer service and the responsible sale of beverage alcohol and cannabis across our retail network and online. Our legislated mandate for beverage alcohol has remained the same since we opened our doors in 1930 but the way we operate our business has evolved. This mandate was broadened to include cannabis on October 17, 2018, when regulations under the federal Cannabis Act came into force.

Our anchor has always been our people. The 1800 Nova Scotians we employ are the heart of our business and the key to our success. We strive to create exceptional employee experiences, which we believe translate to exceptional customer service across all our touchpoints. We work hard to be an employer of choice, a leader in corporate social responsibility, and a committed and innovative partner to business and local industry.

Our customers tell us that they are pleased with the service we provide as we strive for excellence. We are proud of what we accomplished during our last five-year strategic plan.

Our people represent everything we are proud of and are responsible for generating all the good we do. For this reason, our current strategic plan and this annual business plan focus on our people, as well as our commitment to corporate social responsibility and meaningful customer experiences. We are determined to take the good we do to the next level by collaborating, learning more about how to better serve our customers, partnering with local industry, and looking for ways to share the good we do with the people of Nova Scotia.

OUR LEGISLATIVE MANDATE

As a Crown Corporation, we support Nova Scotians and the priorities of the Government of Nova Scotia by working together to contribute to economic growth, offering support to our large base of employees, and by providing exceptional and responsible customer service. We do this with fiscal sustainability and service delivery top of mind, while directing 100% of our profits to the Province of Nova Scotia, as our Shareholder, to support key public services.

Our legislative mandate is outlined in the Nova Scotia Liquor Control Act and Cannabis Control Act (CCA). Our role, as outlined in the Liquor Control Act (LCA), includes responsibility for the receipt, distribution, regulation and control of beverage alcohol in Nova Scotia. Safe and responsible distribution and sale of beverage alcohol, including the prevention of alcohol sales to minors, is fundamental to our mandate. The CCA gives us the authority purchase, possess, sell, and distribute cannabis.

LIQUOR CONTROL ACT (LCA) OBJECTIVES:

CUSTOMER: Attainment of acceptable levels of customer service

RESPONSIBILITY: Promotion of social objectives regarding responsible drinking

LOCAL: Promotion of industrial or economic objectives regarding the beverage alcohol industry in the province

FINANCIAL: Attainment of suitable financial revenues to government

PROVINCIAL CANNABIS CONTROL ACT (CCA) OBJECTIVES:

1. Promote social objectives respecting the responsible consumption of cannabis; and
2. Control and carry out the purchase, possession, distribution and sale of cannabis in accordance with the CCA

FEDERAL CANNABIS CONTROL ACT (CCA) OBJECTIVES:

1. Protecting the health of young persons by restricting their access to cannabis
2. Protecting individuals from inducements to use cannabis
3. Providing access to a quality-controlled supply of legal cannabis

OUR PURPOSE AND VISION

This annual business plan represents the fourth year of our current Strategic Plan (2020 - 2025), which is grounded in our Purpose and Vision. We focus our operations and efforts on fulfilling our mandated responsibilities, and by living our Purpose and Vision. As a Crown Corporation, we support Nova Scotians and the priorities of the Government of Nova Scotia: working together to contribute to economic growth, and providing opportunities for all Nova Scotians, all within an overall context of fiscal responsibility and service delivery.

OUR PURPOSE | OUR REASON FOR BEING

TO COME TOGETHER FOR
THE **GOOD** OF NOVA
SCOTIA.

OUR VISION | WHO WE ASPIRE TO BE

To be recognized as a trusted retailer, partner, employer, and responsible industry steward that is helping create a stronger Nova Scotia.

OUR VALUES | HOW WE ACT

- Knowledgeable
- Optimistic
- Responsible
- Respectful
- Engaged

THIS IS HOW WE WILL
**COME TOGETHER
FOR THE GOOD OF
NOVA SCOTIA**

OUR STRATEGIC PRIORITIES

We are embarking on the fourth year of our Strategic Plan in fiscal 2023-2024. The last three years have been shaped by the COVID-19 pandemic, which saw our service approach shift to place an increased priority on safety. In this context, we continue to be committed to delivering consistent and exceptional experiences for our customers. As always, we take our role as a responsible steward of beverage alcohol and cannabis sales in Nova Scotia seriously.

External forces continue to shape our business and the purchasing decisions of our customers, including expectations of how product is accessed in an era of personalization and convenience. This adds increased complexity to our business and challenges the status quo. Nova Scotia is faced with changing demographics and the shifting consumer preferences that come with that. We are tasked with understanding the evolving customer journey and finding new ways meet our customers' expectations. Our people are central to delivering on these expectations and upholding our social responsibility mandate. As a result, our focus will be to continue to support our people through the lens of our service standards: safety, care, connection, and efficiency.

CUSTOMER

We will be steadfast in our commitment to become a truly customer focused organization by building on the foundation of trust we have established through authentic retail experiences and our focus on corporate social responsibility. We will take a customer-centric approach and create moments of engagement across all channels while ensuring Nova Scotians can safely purchase the products they want, how they want. This starts with listening to our customers, working with our suppliers, and ensuring we provide meaningful information to our frontline teammates to drive exceptional customer experiences. How we continue to evolve to remain relevant to our customers is an opportunity with multiple solutions.

PEOPLE

We believe that the strength of our team will make it possible to deliver authentic, consistent, and exceptional customer experiences. We will empower our people to continue to build relationships with Nova Scotians by offering consistent, knowledgeable, reliable, safe, and responsible service. Supporting all employees through their entire employment life cycle will be a priority during the life of this plan. Ensuring our team members have the leadership, tools and support they need to succeed will continue to be a top priority.

RESPONSIBILITY

Our corporate social responsibility mandate is at the heart of the organization, and we commit to taking our programs and initiatives to the next level through authentic integration of our plans throughout our organization. Our retail team challenges more than two million customers for ID every year, helping to keep our products out of the hands of minors. We will work hard to support our customers in their celebration of life's moments and help them choose products responsibly. We will continue to support our province through an enhanced community investment strategy and further our commitment to environmental and industry stewardship for Nova Scotia. We will continue developing programs and initiatives our employees are proud of and to celebrate the good we do for our province in new and different ways.

LOCAL

The buy-local movement is now an embedded customer behaviour. We will continue to look for opportunities to engage and collaborate with local suppliers on an ongoing basis. By finding new and innovative ways to work together, sharing data and best practices, and by leveraging expertise, we will support them in our capacity as a retailer and enable Nova Scotians to buy products they love.

FINANCIAL

We will remain steadfast in our commitment to supporting our focus areas and making a positive impact in the communities we serve through partnerships, environmental stewardship, volunteering, supporting local industry, and by our financial contribution.

There's so much good to celebrate with our employees, customers and business partners and we plan to keep the good going.

CUSTOMER

Deepen our customer focus through a customer-first approach across the organization

We will continue to look at ways to evolve to meet customer needs so that we can move from a great in-store shopping experience to a great shopping experience in our customers' preferred channel. Our customer centric approach will be anchored in data, insights, continuously listening to our customers and linking our actions to our service standards.

STRATEGIES	ACTIONS	TACTICS
Improving how our customers shop with us	1. Offer Nova Scotians their preferred shopping experience to buy the products they love	Exploration of home delivery to our specialty assortment and other remaining categories Fulfillment strategy (physical and digital) assessment in support of an evolved channel strategy Testing and evaluation of merchandising, assortment, pricing, and shelf innovation in a single location to gauge receptivity from customers and teammates Agency channel shopping experience assessment and enhancements
Engaging with our Customers and People	1. Actively listen and respond to our customers and people to improve their NSLC experience	Coordinated and linked communication around our promotional period execution Internal communication strategy development and enhancements Research activities engaging both customers and team members as an integral part of strategic assessments

PEOPLE

Create exceptional employee experiences to drive exceptional customer experiences

Our people are the heart of what we do, why we do it and the key to our ongoing success. We will look for ways to support them through their employment lifecycle to create increased engagement, enabling them to better serve our customers. We are striving to be the employer of choice in Nova Scotia that demonstrates its commitment to its values and people.

STRATEGIES	ACTIONS	TACTICS
Build programs and a culture that attracts, develops, and retains talent & celebrates the contributions of our people	1. Support consistency of Service Standards	Further embed the service standards roadmap and implement foundations training
	2. Build leadership framework at the NSLC	Launch leadership framework
	3. Build a talent acquisition and retention strategy	Develop a talent marketing plan
	4. Provide HR tools to support a progressive people-centric organization	Continue SAP SuccessFactors implementation roadmap and stabilization
Create a Culture of Belonging	1. Establish a vision and roadmap for Inclusion, Diversity, Equity and Accessibility (IDEA)	Implement the IDEA action plan including the Accessibility Plan in accordance with the Provincial Accessibility Act
	2. Establish a vision and roadmap for Anti-racism and equity	Develop an anti-racism and equity plan in accordance with the Dismantling Racism and Hate Act

RESPONSIBILITY

Fully integrate corporate social responsibility (CSR) into our organizational DNA

We commit to enhancing our efforts and celebrating our commitment to our legislated mandate through continued engagement with our people, partners, and stakeholders across key areas of responsible consumption education, community investment and sustainability.

STRATEGIES	ACTIONS	TACTICS
Deepen CSR function across the organization and build ambassadorship among our people, customers, partners, and stakeholders	1. Identify meaningful points of engagement with our partners and throughout the organization	Maintain relationships and partnerships across the pillars of community, responsible retailing/consumption and sustainability through programs and initiatives
Celebrate the Good – demonstrate the value of the NSLC as a leading corporate citizen	1. Develop plan to Share the Good and execute, in alignment with our brand roadmap	Expand multi-year communication and marketing strategy to external channels
Balance social, environmental and business needs to create sustainable success	1. Define and align environmental sustainability commitment and goals and ensure integration into the organization	Implement Environmental, Social & Governance (ESG) program Development of an Energy Management Strategy
Clarify and evolve our role in the regulatory framework as a responsible steward of the Nova Scotia industry	1. Policy and Regulatory Modernization 2. Enhanced oversight	Evolution of local producer compliance program with a focus on information sharing and insights gathering to support policy development and ongoing compliance activities Updates to NSLC local producer policies

LOCAL

Engaging with our Local Industry

We commit to collaborating with local manufacturers and producers in a proactive and planned manner to help bring Nova Scotians the products they love.

STRATEGIES	ACTIONS	TACTICS
Enhance Local Partnerships	<ol style="list-style-type: none">1. Proactive and Planned Engagement2. Share information with suppliers about how to do business with the NSLC3. Ensure customers can purchase the products they love	<p>Continue the Local Engagement Strategy and Measurement framework</p> <p>Consistent and proactive communication through the Local Industry Committee and broader supplier community</p> <p>Enhance the identification of local products in our stores</p>

FINANCIAL

Deliver consistent returns to the people of Nova Scotia, while balancing our legislative responsibilities

We commit to managing the business efficiently and effectively, maximizing investments in our key focus areas and controlling expenses to the best of our ability to deliver \$1.2B in earnings over the five years of the strategic plan.

STRATEGIES	ACTIONS	TACTICS
Invest strategically in our technology and retail network to support the foundations of our business and positive customer and employee experiences	<ol style="list-style-type: none">1. Execute IT Roadmap foundational items2. Execute retail network roadmap	Continued implementation
Balance investments in our key focus areas with operational efficiency to drive ease of doing business & ensure consistent returns	<ol style="list-style-type: none">1. Enhance process improvement culture	Focus on efficiency and process improvement for key initiatives
Enable business strategy across our key focus areas – Customer, People, Local and Responsibility	<ol style="list-style-type: none">1. Align our insights foundation and organizational focus on customer-first initiatives that drive sustainable profitability2. Invest in developing our people and support them to drive exceptional customer experiences3. Continue to strategically support Local industry through the NSLC's expertise4. Continue to support corporate social responsibility initiatives	Continued implementation

PERFORMANCE MEASURES

In order to manage our operations effectively, we monitor a core set of metrics called key performance indicators (KPIs), which ensure we stay focused on delivering on our business priorities. Our corporate KPI's and stated targets in our Five-Year Strategic Plan are shown below. We will be adding additional measures in support of Corporate Social Responsibility during the life of this plan to reflect a more holistic view of the business.

CUSTOMER

Customer Satisfaction:

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Ongoing Target
83%	85%	89%	87%	86%	88%	88%	90%	90%	89%	89%	88%	90%	89%	92%	90%

PEOPLE

Employee Engagement:

2003	2005	2008	2011	2013	2015	2017	2019	2021	Ongoing Target
75.8%	76.6%	73.7%	72.8%	76.0%	76.3%	76.1%	79.1%	72.0%	80%

RESPONSIBILITY

We Check Compliance:

Through our partner We Check, we conduct regular mystery shops to ensure our people are meeting our standards for responsible sales.

FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19*	FY20	FY21	FY22	Ongoing Target
44%	42%	64%	72%	74%	85%	87%	87%	91%	90%	86%	91%	91%	87%	90%

*FY19 and onwards includes cannabis

LOCAL INDUSTRY

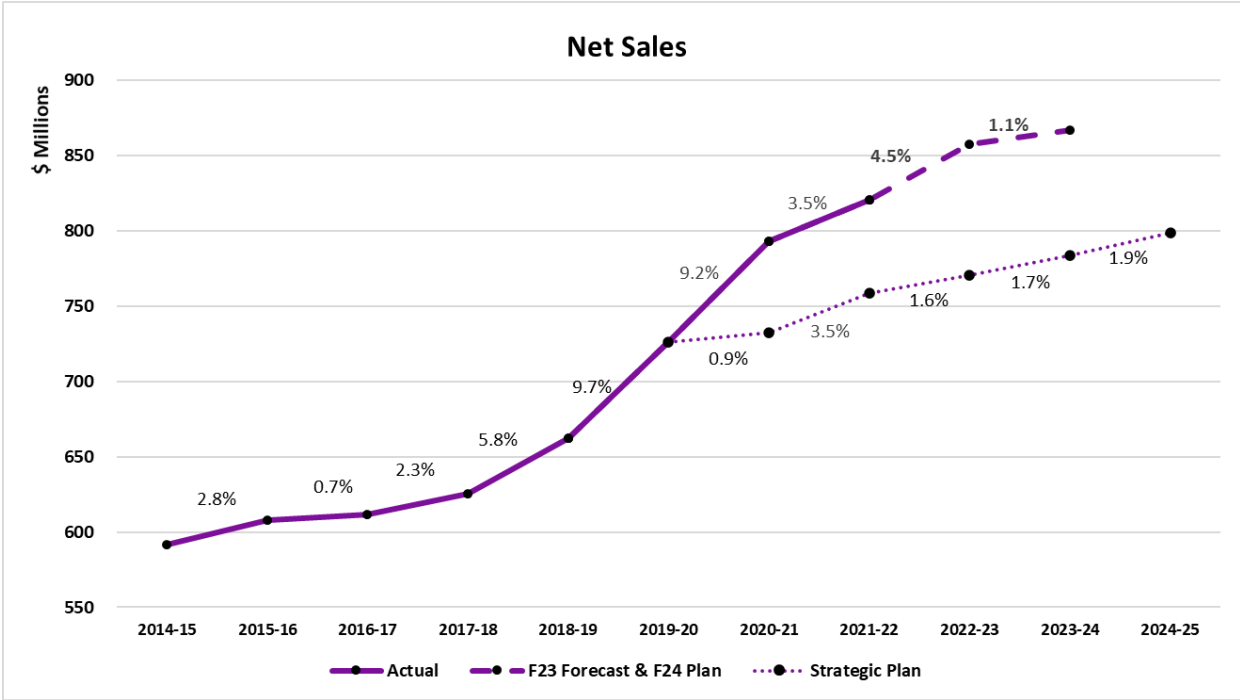
Local Engagement:

We measure both formal and informal engagements with local industry where we consistently and proactively provide information to local suppliers regarding the NSLC and seek feedback on topics that may impact them.

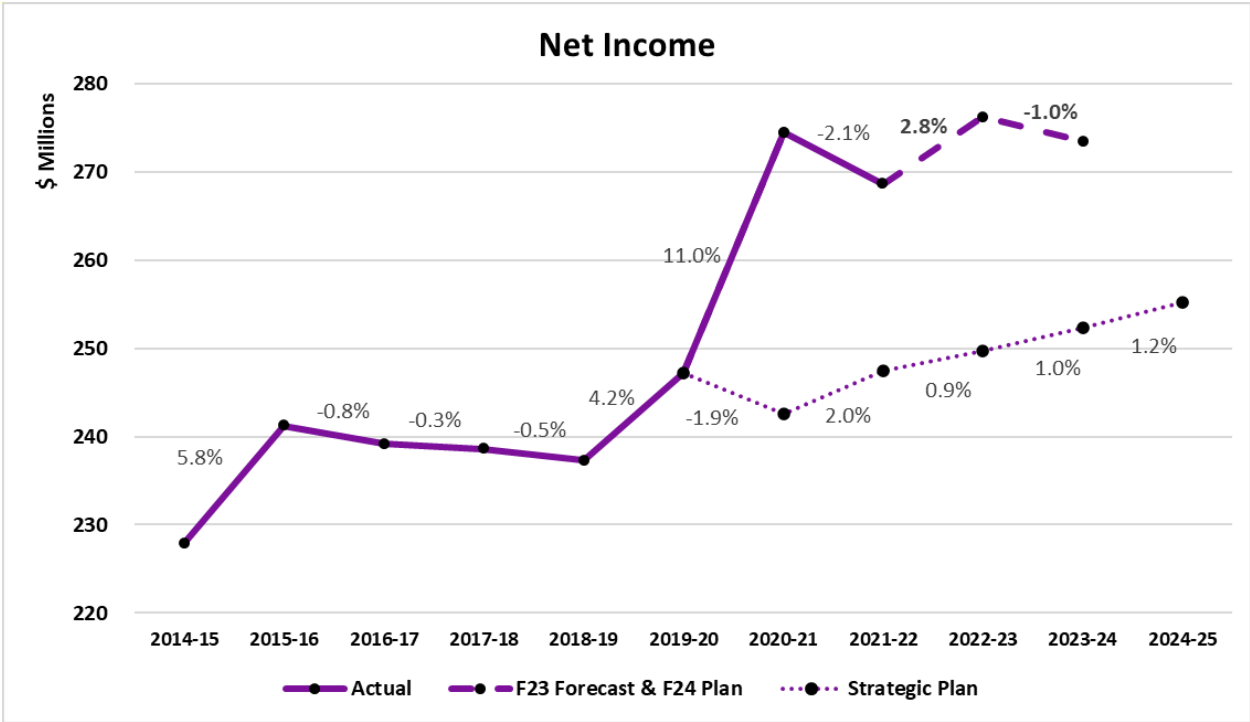
Access and Representation:

In order to provide access and representation of products that our customers love to buy, we currently dedicate increased product listing to local products versus the share of sales they represent at the NSLC. We expect to continue this approach for the duration of the 2023-2024 plan.

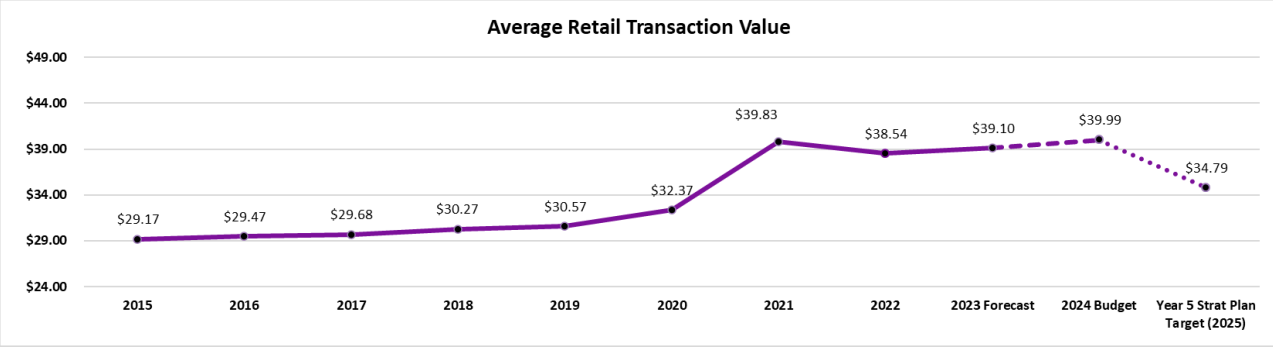
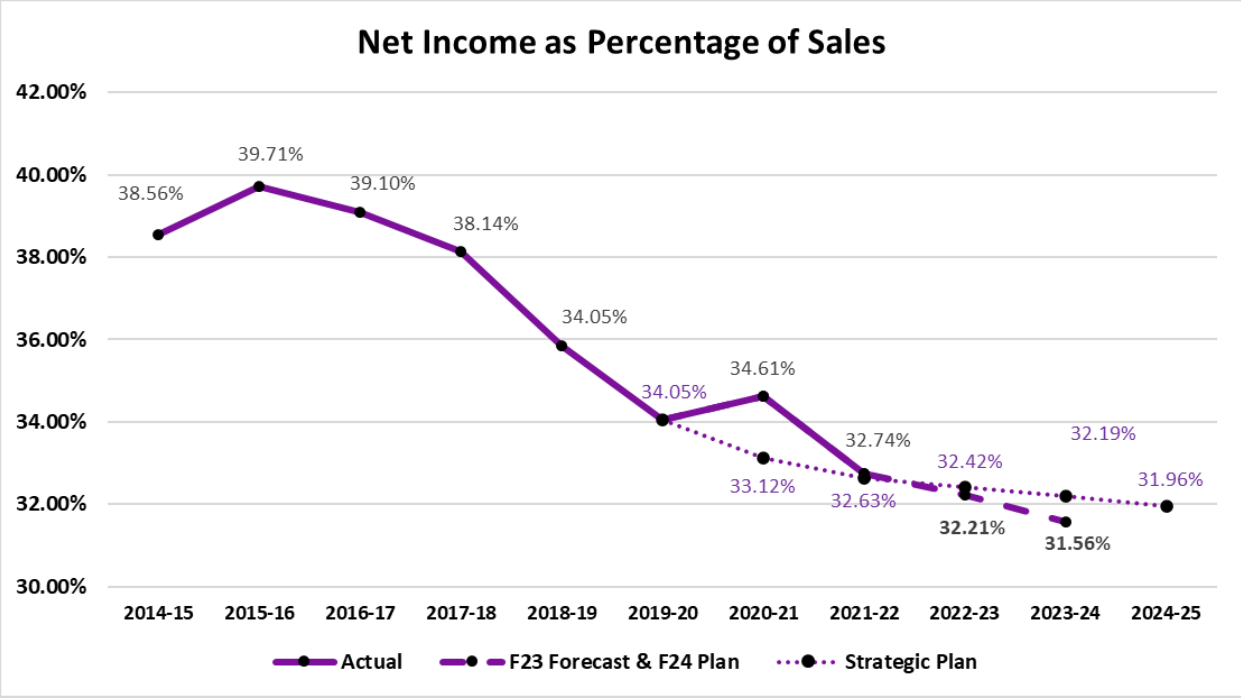
FINANCIAL



Percentage indicates the percentage change in Net Sales from previous year.



Percentage indicates the percentage change in Net Income from previous year.



BUDGET CONTEXT

	Actual 2018-19 \$	Actual 2019-20	Actual 2020-21 \$	Actual 2021-22	Forecast 2022-23 \$	Sales (%)	Budget 2023-24	Change (%)
Spirits	168,613,116	176,635,246	195,122,469	197,187,667	203,871,966		205,856,613	
Wine	148,814,870	156,516,374	158,247,330	165,617,988	173,750,975		173,318,537	
Beer	279,800,490	279,469,116	281,323,873	278,652,042	288,170,010		284,105,408	
Ready-to-drink	45,145,429	56,692,947	87,669,577	95,070,387	100,638,837		104,605,272	
Non-liquor	116,991	105,531	94,966	100,556	95,403		95,403	
Cannabis	33,188,581	71,002,606	85,987,361	101,671,218	110,736,275		118,041,294	
Total Gross Sales	675,679,477	740,421,820	808,445,576	838,299,859	877,263,466	102.3%	886,022,526	1.0%
Less: Discounts	13,595,882	14,254,443	15,376,558	17,846,869	19,609,538	2.3%	19,159,675	
Net Sales	662,083,595	726,167,377	793,069,018	820,452,990	857,653,928	100.0%	866,862,851	1.1%
Cost of Sales	311,241,996	352,856,366	387,221,273	412,773,683	432,600,228	50.4%	435,246,231	
Gross Profit	350,841,599	373,311,011	405,847,745	407,679,307	425,053,700	49.6%	431,616,620	1.5%
Less: Operating Expenses	69,867,242	72,682,403	79,166,693	85,331,177	91,967,057	10.7%	95,321,679	
Gross Operating Profit	280,974,357	300,628,608	326,681,052	322,348,130	333,086,643	38.8%	336,294,941	
Less: Supply Chain	9,239,509	9,426,501	9,612,572	9,366,643	9,618,427	1.1%	10,161,437	
Corporate Services	28,305,539	28,093,462	29,655,208	32,755,417	34,686,680	4.0%	38,516,069	
Other Expenses	1,486,897	5,299,322	2,371,986	1,637,473	1,442,527	0.2%	1,750,030	
Add: Other Revenue	4,498,577	4,888,070	5,325,325	5,624,480	5,307,318	0.6%	5,085,233	
Total Expenses (excl. stores)	34,533,368	37,931,215	36,314,440	38,135,053	40,440,316	4.7%	45,342,303	
Operating Income before Depreciation	246,440,989	262,697,393	290,366,612	284,213,077	292,646,327	34.1%	290,952,638	
Less: Depreciation	9,068,302	15,418,918	15,883,908	15,559,838	16,357,318	1.9%	17,402,360	
Income from Operations	237,372,687	247,278,475	274,482,705	268,653,239	276,289,009	32.2%	273,550,278	-1.0%
Actuarial Loss (Gain)	(1,487,300)	(1,428,500)	1,338,300	(5,810,000)	-	0.0%	-	
Comprehensive Income	238,859,987	248,706,975	273,144,405	274,463,239	276,289,009	32.2%	273,550,278	-1.0%
Total Expenses (not depreciation)	104,400,610	110,613,618	115,481,133	123,466,230	132,407,373	15.4%	140,663,982	
Total Expenses	113,468,912	126,032,536	131,365,040	139,026,068	148,764,691	17.3%	158,066,342	
			16.6%		0.8%			
Volume (hectolitres)						Change (%)		Change (%)
Spirits	49,039	50,968	55,646	54,963	54,065	-1.6%	53,512	-1.0%
Wine	97,634	101,708	103,103	103,435	101,787	-1.6%	99,504	-2.2%
Beer	581,499	572,696	569,585	558,021	554,075	-0.7%	535,179	-3.4%
Ready-to-drink	61,851	77,762	120,829	131,841	132,646	0.6%	135,223	1.9%
Total	790,022	803,135	849,163	848,259	842,573	-0.7%	823,418	-2.3%
Volume (Kilograms)								
Cannabis	3,279	6,531	10,437	14,642	16,869	15.2%	18,039	6.9%

NOVA SCOTIA LIQUOR CORPORATION

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